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CANADIAN PACIFIC RAILWAY.

CONTRACT WITH THE SYNDICATE.

SPEECH BY

SIR ALEX. CAMPBELL.

In the Senate on Thursday, February 3, 1881, Sir Alex. Campbell in moving the second reading of the Bill to incorporate the Canadian Pacific Railway Company, said: — The measure which this Bill presents for the first time for the consideration of the Senate is one which has been discussed for so many days and nights elsewhere, within the hearing of most of those gentlemen who are present to-day, and discussed by so many able men, from so many different points of view — those who favor it, and those who have found serious objections to it — that I am afraid I shall not be able to present it to this House in any new aspect, or offer to you many arguments or reflections which have not already occurred to you; but, representing, with my colleagues, the Government in this House, we feel that I should be wanting in that duty and respect which we owe to the Senate if I did not offer such observations as seemed to me necessary to a separate and distinct and complete consideration of the measure in this branch of the Legislature. The facts are well known to the House. I will not enter into any lengthy historical *resumé* of them. They are to be found recorded in acts of parliament, in treaties, in official correspondence, and in the speeches of different members of three successive governments, sustained in parliament for different periods since the union with British Columbia. I will almost take it for granted that it will be admitted in this House, and so far as regards this discussion, that the country is pledged — pledged in every way which can impose obligations on public men — to the construction of the Canadian Pacific Railway from some point upon the existing system of Canadian railways to the Pacific Ocean. It was not to be done with prejudicial haste; it was not to be done so as to unduly strain the resources of the country, but it was to be done. The resolution in the House of Commons on this point, framed at the request of Sir George Cartier, and offered to the House by him, in he absence of the Premier, was :—

> "That the railway referred to in the Address to Her Majesty concerning the agreement made with British Columbia, and adopted by this House, on Saturday, 1st April, should be constructed and worked by private enterprise, and not by the Dominion Government; and that the public aid to be given to secure the undertaking should consist of such liberal grants of land and such subsidy in money, or other aid, not unduly pressing on the industry and resources of the Dominion, as the Parliamen of Canada shall hereafter determine."

To which was afterwards added the words, "nor increase the rate of taxation." I do not apprehend that they will be at all controverted by any gentleman in this House who desires to oppose the present measure. Successive governments — the Government which made this engagement, the Government which succeeded it, and which remained in power until September, 1878, and the present Government — have each in their turn recognized this obligation, and have each in their turn striven, with more or less success, to carry it out, and redeem the pledged faith of the country. I need not, I think, therefore, detain the House in discussing the obligation which rests on the country, as far as is consistent

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with the terms which we recognized as modifying the obligation when it was entered into; I say, as far as consistent with those terms, I do not think I need detain the House by arguing that the country is pledged to the construction of this railway. The undertaking is one of a very gigantic character— the construction of a railway from a point not 250 miles from where we are now sitting to Port Moody on the Pacific Ocean, a distance of 2,627 miles. I do not think we quite realize the character of the undertaking unless we compare it with some spaces which are more familiar to the imagination. It is a greater distance than from the north to the south of Europe, further than from St. Petersburg to Gibraltar; further than from the east to the west of Europe; further than from Calais to the Caspian Sea. It is longer than the Mediterranean. Sea These distances, perhaps, enable us to realize the immense character of the task which we have undertaken to carry out. To compare it with other railways: it is longer than any single line of railway that I know of. The longest line of railway probably in the world is the Grand Trunk of Canada, which is now, with its Chicago connection, 1,734 miles long. The Union Pacific from Omaha to Ogden is 1,037 miles long. The Central Pacific from Ogden to San Francisco is 813 miles long, or, with its branches, 1,213 miles; and these are the longest railways in the world. The road which we are about to undertake to construct will be, when completed, 2,627 miles, so that it is a great deal longer — two-thirds longer than any railway in existence. We propose to construct it from Lake Nipissing to the Pacific Ocean. Running through our own country, the route presents some great national advantages which have not failed to attract the notice of eminent men in the United States. I shall read, although it has been noticed elsewhere, a passage from a speech of the late Mr. Seward, one of the most distinguished American statesmen, who said, with reference to this road, in a speech delivered by him some years ago :—

"The route through British America is in some respects preferable to that through our own territory. By the former the distance from Europe to Asia is some thousand miles shorter than by the latter. Passing close to Lake Superior, traversing the water-bed which divides the streams flowing towards the Arctic Sea from those which have their exit southward, crossing the Rocky Mountains at an elevation of over 3,000 feet less than at the South Pass, the road could be here constructed with comparative cheapness, and would open up a region abounding in valuable timber and other natural products, and admirably suited to the growth of grain and grazing. Having its Atlantic seaboard at Halifax and its Pacific near Vancouver Island, it would undoubtedly draw to it the commerce of Europe, Asia and the United States. Thus British America, from a mere colonial dependency, would assume a controlling rank in the world. To her other nations would be tributary, and in vain would the United States attempt to be her rival, for she never could dispute with her the possessions of the Asiatic commerce, nor the power which that commerce confers."

I have said, hon. gentlemen, that the project is to construct a railway from a point not 250 miles from where we stand to the Pacific Ocean. For 650 miles of that distance it would run on the north shores of Georgian Bay and of Lake Superior, and would reach a point at Thunder Bay on the distant shore of Lake Superior; from Thunder Bay it would run 410 miles to Selkirk on the Red River; from Selkirk it would run 900 miles across the prairies to the foot of the Rocky Mountains; from the foot of the Rocky Mountains it would run 450 miles to Kamloops; from Kamloops it would run 127 miles to Emory's Bar; and from Emory's Bar it would run 90 miles to the Pacific Ocean, Port Moody. Of this whole distance the Government has constructed, or is constructing, two links; one being the 410 miles between Prince Arthur's Landing and Selkirk, and the other being 127 miles between Kamloops and Emory's Bar, known as the Onderdonk contract; and it has undertaken by the terms of the contract now before us to construct the additional 90 miles which separate Emory's Bar from Port Moody. Of the total distance of 2,627 miles, the Government has constructed, is constructing, or will construct, 627 miles, and the company agree to construct the other 2,000 miles.

Mr. SCOTT — What about the Pembina Branch?

Sir ALEX. CAMPBELL — That is constructed already; it does not enter in this contract. The Pembina

Branch is 85 miles long, running from the boundary of the United States to Selkirk. This enormous work, hon. gentlemen, has formed the subject of a survey, the minuteness of which one may justly characterize as being unequalled in any work of the kind — a survey which has occupied a number of years, and has cost the country something like three and a half millions of money — so that the topography of the country is well known ; and upon the information at different stages which the engineers engaged on it have sent in to the Government, various estimates have been made of the probable cost of the construction of this road. The first estimate which I have met with is the estimate of Mr. Fleming, who was for a long time the engineer in charge of the railway — a gentleman of high professional and private character. His estimate was that the road would cost, between Lake Superior and the Pacific Ocean, $100,000,000, to which we must add the cost of the road between Lake Superior and Callendar Station ; this can be added according to the different estimates. Adding it according to the estimate of 1873 — that is, the plan which was formed by the Government of Sir John Macdonald — and under the contract which was entered into with the Allans and others, this additional piece, according to the prices and terms laid down in the contract, the further cost would be some $20,294,000. Adding that to Mr. Fleming's estimate, the total cost of the road, according to Mr. Fleming's estimate, with this addition, would be $120,000,000. Adding the cost of the same 650 miles, according to the next subsequent plan, that of 1874, the whole railway would have cost $122,000,000. Adding it to the estimate upon the prices and the terms arranged under the present contract, it would cost $116,250,000. These three estimates are all based upon, and all include, Mr. Fleming's estimate of what it would cost from Lake Superior to the Pacific Ocean. That estimate of Mr. Fleming's was made at a time when the information which he had, though tolerably complete, was not perfectly so. Afterwards, when the information which he had was more complete and more ample, he estimated that the total cost of the whole road, instead of being $122,000,000, as I have made it, would be $84,869,000. A gentleman who holds a distinguished position in the other branch of the Legislature, in a speech made last session, estimated that the road would cost $120,000,000, and he based it on these details : Callendar Station to Fort William, $32,000,000 ; Fort William to Edmonton, $42,000,000, and Edmonton to Burrard Inlet, $45,000,000 — making a total of $120,000,000. Another gentleman, who occupies a hardly less distinguished position in the House, estimated it last year, and spoke of his estimate as being the result of "more mature consideration by gentlemen best qualified to judge," reduced the estimated cost from Lake Superior to the Pacific Ocean to $89,000,000. These are the several estimates which have been made of the cost of this work. They have been put forward by men in authority, by engineers, and by distinguished statesmen, beginning, as you will see, at $120,000,000, then $122,000,000, then $116,000,000, then $84,000,000, to which sum must be added the cost of construction from Calendar Station to Fort William, and then, rising again under the estimate made by the gentleman to whom I have alluded, and whose name I may mention (Mr. Blake), to $120,000,000, and falling again, under Mr. Mackenzie's final estimate, made by "gentlemen best qualified to judge," to $89,000,000, extra the cost from Callendar Station to Thunder Bay. These are the several estimates which have been formed as to the cost of the construction of this work. I said in the early part of my remarks that I would have occasion to refer to the efforts put forth by the respective governments in power in Canada since the union with British Columbia to accomplish the great work to which the country had been pledged. I do so in no spirit of party warfare, still less for the purpose of raking up the ashes of extinguished feuds, but for the legitimate purpose of establishing that the contract which the Government has made, and, by this Bill, asks the Senate to ratify, is, by comparison (as I hope to establish presently that it is absolutely), a good and advantageous contract for the country, and far better, in every way, than the one into which our predecessors were willing and anxious to have entered, and (though in a less degree) better

than the contract made in 1873 by the previous Government of Sir John Macdonald. I will mention the efforts which were made by the Government of 1873, and of the engagements entered into by the Government which succeeded it — a Government of which my hon. friend opposite (Mr. Scott) was a member — and I will also refer to the terms which have been arranged under the present contract. Under the contract of 1873, known as the Allan contract, it was proposed to give a cash subsidy of $30,000,000 and a land grant upon the line proper of 50,000,000 of acres, and upon the branches of 4,700,000 acres, making a total land grant of 54,700,000. I may say now, so that I may not expose myself to any adverse criticism hearafter, and, so that I may be thoroughly understood during the progress of the remarks which I feel it my duty to offer to the House, I shall, for the purposes of my argument, constantly treat the land as worth $1 an acre, and shall so state the calculations. Adhering to that view, then, the contract of 1873, proposed to complete this road for $84,700,000. Under the Act of 1874, it was proposed to give a cash subsidy of $10,000 per mile, making on the distance of 2,797 miles, which was then contemplated (including the Georgian Bay Branch and the Pembina Branch) $27,970,000. But to this is to be added another sum, which the Parliament of that day contemplated giving in addition to the expressed cash subsidy; they proposed in addition to guarantee a certain sum at four per cent., and tenders were invited upon the basis of an absolute subsidy of $10,000 per mile, and an absolute land grant of 20,000 acres per mile, and those who were invited to tender were asked to state for what further sum at four per cent. for 25 years, they would undertake to construct the road. The only actual contract which took place under that proposition was a contract with Mr. Foster, formerly one of our colleagues, whom I dare say we all remember. His own tender was for a higher sum, but he acquired a contract from some person who offered to do it for a guarantee of four per cent. for 25 years on $7,500 per mile. Taking that as the basis on which they would have gone on if they had had the opportunity and constructed the whole road, we would have an express cash subsidy of $27,970,000, and $20,977,500, under the four per cent. guarantee, making a total cash subsidy, under the plan of 1874, of $48,947,500, and a land subsidy of 55,940,000 acres. Valuing the land, as I have said, at $1 per acre, this would give the total cost, under the Act of 1874, of $104,887,500. Now, under the contract of 1880, the one on the table which the Government asks the House to sanction, we are in the first place to estimate the cost of those portions of the road which we are constructing and which we have agreed to construct, and the Pembina Branch. The Fort William and Selkirk section, the Pembina Branch and the Kamloops and Burrard Inlet section form 712 miles of road and are estimated to cost $27,700,000, nearly $28,000,000. In addition to this we propose by this contract to give to the company $25,000,000 and 25,000,000 acres of land — a total of $77,700,000. So that, speaking in round figures, under the contract of 1873 the road would have been completed for $85,000,000; under the arrangement of 1874 for $105,000,000, and under this contract, for $78,000,000. I have estimates of the cost, valuing the land at $1.50 and $2 per acre; but it really does not make any difference in the comparison, because it tells both ways, and only increases the comparative advantage of the present contract by augmenting the value of land which we save under this contract over the preceding plans, and I think the real question will be preserved more distinctly in the minds of hon. gentlemen by adhering to the value of $1 per acre rather than by mentioning these various valuations as the cost of the road under the several propositions to which I have referred. I have no doubt hon. gentlemen have studied the contract and know well its provisions, and I shall be exceedingly sorry to detain the House one moment more than is necessary for a clear exposition of the subject which is brought under their notice by the Bill for which I am asking the second reading. The provisions of the contract divide the road into three sections, give security for construction, mention the standard which is to be adopted, refer to the various portions which the Govern-

ment is constructing, stipulate the mode in which the subsidy is to be paid, exempts the railway for a thousand miles where it runs through the territory of the Dominion as distinguished from organized provinces, from taxation for all time, and its lands in that territory for twenty years, or until they shall be sold or occupied, admits certain articles to be used in the construction of the railway free from customs duties, makes sundry provisions as to the mode in which land is to be granted, by which the country will retain alternate sections, and, regarding branches and working, and modes of raising money on bonds, and as regards the distribution of the money. The subsidy, as hon. gentlemen knew, is to be paid on the central section of 900 miles across the prairie at the rate of $10,000 per mile; on the western section, from the Rocky Mountains to Kamloops, at the rate of $13,333 per mile; and on the eastern section, between Callendar Station and Thunder Bay, 650 miles, at $15,384 per mile. The land grant is divided as follows :—

Central section.....	12,500	acres per mile
Western section.....	16,666	"
Eastern section.....	9,615	"

The object being to secure in every way the construction of these various sections by reserving in the hands of the Government sufficient land and money to guarantee it, and I may here point out that a similar provision as regards the section on which criticism has been most close was to be found in the Act of 1874. By that Act $10,000 was appropriated to each mile of the whole road, including the prairie section, and it was provided that each section might be taken up and executed by itself as any other section might, so that, in this respect, the two projects are upon the same footing. It will be observed that under the present arrangement, which the House is now asked to sanction, we should be giving the company $26,000,000 less than under the plan of 1874 and something like $7,000,000 less than under the contract of 1873. But, in addition to getting our railway for less than under either of these plans, we get other advantages upon which I think a great deal of stress should be laid: we get rid of the management and sale of the lands which, under the arrangement of 1874, the Government continued to assume the charge and expense of.

Mr. SCOTT — Two-thirds were retained; the other one-third was given to the contractors.

Sir ALEX. CAMPBELL — Well, as regards two-thirds of the land grant, that makes a difference of a very serious and important character. I do not think that anybody can make an approximate estimate of the expense which will be saved by the management and sale of the lands being given to the company instead of being retained in the hands of the Government, but I can say this, that we have read and heard it vehemently urged by leading gentlemen in the Opposition that the cost and expense of managing the lands would swallow up the whole value of them. But I think we get a further advantage on which a great deal of stress should be laid. With the control of these lands placed in the hands of the railway company and the necessities which their enormous undertaking imposes upon them, it must follow that they will settle that country. I should rather be disposed to consider that the construction of the railway was not the greatest part of their undertaking. They have undertaken, in addition to constructing a railway, to people a continent. If they do not send settlers in very large numbers into the North-West, it is impossible that the lands could be of any value, and the railway would be less than valueless; it would be an unsupportable burthen. The success of their scheme depends upon their being able to send a large number of settlers into the North-West. The expense of so doing, which has not been dwelt upon, will entail a very great burden upon this company. To send settlers into that country in such numbers as would give traffic to the railway would require an enormous expenditure of money, and of intellect. It will require the establishment of agencies all through Europe, extensive advertising, subsidies to the papers, subsidized passages, arrangements for conveying emigrants from Europe to the North-West, and a thousand details which must involve great anxiety and an immense expenditure of money. It will be an enormous tax upon the resources of those who

have entered upon this undertaking. Look at the number of emigrants we have been able to secure in this country by the expenditure of the Government in former years, an expenditure which has attracted the notice of this House (attention having been called to it by the hon. gentleman who is now in the chair) for the purpose of procuring immigrants to this country. During the five years preceding last year it amounted in the aggregate to something like $1,600,000, and during that time we procured 97,000 settlers, showing that the cost to the Government was at the rate of nearly $18 per head. With all the exertion used by the Government and the expenditure of this large amount of money, with the agencies that we had in Great Britain and Ireland, Germany and Norway, and with all the machinery which was put in operation, during these five years the immigration only arrived here at the rate of 20,000 persons per annum. But this Company, if their railway is to succeed, if they are to secure traffic for it, must have immigration on a much larger scale than this. They must, I should say, settle in the North-West every year after next year, 100,000 persons, and it will be the crucial point of the success of the whole undertaking which they have assumed, and should be considered and weighed earnestly when reflections are made upon the money and lands which it has been said have been given to them with a profusion which has been characterized, I am told, as profligate. In addition to that, it must be borne in mind also that they cannot settle one of their sections without assisting the settlement of the adjoining section; so the country may expect to have the settlement of our country greatly facilitated. It must be remembered that the Company get but 25,000,000 acres out of some 200,000,000 or 250,000,000 of cultivable land in the North-West, and the rest, which remains the patrimony of the country, will be settled, in all human probability, mainly by the exertions put forth by this Company to settle their own lands. In addition to the settlement of the lands we get the operation of the railway. It has been looked upon as an additional instance of the extreme recklessness of the Government that they have given this railway to the Company. True, they have given it to the Company, and the arrangement of 1874 proposed the same thing, but is not the true view that the Company undertakes the burden? It is a gift which will tax them considerably. They undertake the burden of running the road forever, and security is given for the running of it for ten years, because it is well known that the running of the railway in the earlier part of the history of the country would be a great tax upon the resources of the company. Estimates have been put forward of the cost of running railways, and I have before me the cost of running the road which connects Quebec and Halifax for some years. The expenditure will surprise some hon. gentlemen when they hear it—$2,960 per mile. Multiplying the length of the Canadian Pacific Railway, 2,712 miles, by this rate, we get the enormous sum of $8,031,000—in round numbers eight millions. Mr. Mackenzie estimates it at $6,750,000, a sum which is supposed to be based on the ordinary working expenses of the Intercolonial Railway in 1874-5, the cost per mile that year having been $2,420. These two amounts are the estimates put forward as the probable expense of working the Pacific Railway. I say that in addition, therefore, to constructing the road and managing the lands, and the advantage we have in the prospective settlement of the country, this company undertakes a very burdensome task in agreeing to operate the railway from the time it shall be finished, and having to do so during a long period when perhaps the traffic will be small and the returns light. Evidently, the cost, under the best circumstances, must be five or six millions per annum, and the receipts during the early history of the road, for ten or twelve years, must be comparatively small, so there will be a serious loss which must be considered before hon. gentlemen can fairly say that the sum given by the Government to the contractors is excessive or more than it should be. Then, in addition to that, they undertake to equip that portion of the road which the Government constructs. The cost of equipping a road is estimated at $2,000 per mile, which

would give for 712 miles a million and a half of money. All this the company undertake to do in addition to building the road, and yet the comments are for the most part on the cost of the line as a work of construction, and no stress is laid upon the other burdens and expenses which the company assume. Now, I have tried to describe the contract as it is, I have tried to describe to you the undertaking which the company has entered into — to draw a distinction between what they have to do and what the Government has to do, and to portray to the House what further responsibilities, in addition to the construction of the railway, are imposed upon the Company. To this plan of ours which you will observe is a cheaper one than any that has ever before been proposed to Parliament, which is $26,000,000 less than the proposition of Mr. Mackenzie's Government in 1874, and six or seven millions less than the proposition of Sir John Macdonald's Government in 1873 — to this proposition, which involves so many advantages to the country, some of which I have attempted to describe, and imposes so many burdens upon the Company which I have attempted to describe shortly—to this proposition a great many objections have been taken. It would be impossible for me, and I should feel that I was trespassing upon the patience of hon. gentlemen if I should attempt to reply to and meet the various objections which have been made. They have been urged at great length, and reiterated with a pertinacity, and in various shapes, in a way which I am sure hon. gentlemen have noticed, and I am satisfied that the hon. members in this House, who are opposed to this contract, will admit that nothing more in the way of contention could have been desired than has already been shown elsewhere by gentlemen who are opposed to the measure. I shall take up some of the more important of those objections, because I think it should be done in the discharge of my duty representing the Government in this House and presenting this measure for your consideration. It has been said in the first place that we have given the company a great deal too much money—that we are giving them $25,000,000, and that we have spent, or are committed to an expenditure upon the railway of $28,000,000, making a total of $53,000,000. In considering this point let us look for a moment at the assistance which has been given to railways in the United States.

Mr. SCOTT — Does the hon. gentleman include in this $28,000,000, the cost of surveys ?

Sir ALEX. CAMPBELL — I include the cost of those portions of the survey which relate to the line of railway, a little over $1,000,000 I am told. It was not necessary to include the $3,500,000, which is the cost of the exploratory survey of the territories, from east to west and from north to south, but only the portion of the cost of the survey for the sections of the road as now adopted, amounting, as I have said, to $1,000,000, which sum is, I am informed, properly applicable to this work. Very opportunely for the purpose which I have mentioned of ascertaining what had been done in the United States on this subject. I came upon a speech the other day in Congress made by Senator Blaine, of Maine, who said :—

> "It was a remarkable fact that Congress though they had not done anything in the interests of the United States on the Ocean, had passed 92 Acts for the aid of transmission by rail : it had given 200,000,000 acres of land worth now about $1,000,000,000, and $70,000,000 in cash."

I desire to draw attention to this statement as showing that in other countries situated as we are, a similar course has been pursued to that which we are adopting in Canada. I also desire to draw attention to this fact, that of the $53,000,000 which, under this arrangement, the country will expend for the purpose of constructing this railway, more than $24,000,000 are involved in the works already under contract, or absolutely constructed. A portion of those works included in this sum for contracts let by the Government, of which my hon. friend was a member ; and a considerable portion has been placed under contract by the present Administration. But what I wish to call attention to is the fact that the country is at present without this Bill, committed to the expenditure of $24,693,700 made up as follows :—

Lake Superior to Selkirk.....	14,705,000
Pembina Branch	1,556,900
Kamloops to Emory's Bar.....	8,431,800
Total constructed or under contract	24,693,700

Which will leave the amount of money dealt with by the present Bill, and which Parliament is now asked to commit the country to $28,306,300 of which $25,000,000 go to this company and $3,306,300 to construct the railway from Emory's Bar to Port Moody. The total expenditure in money, however, from beginning to end, will be as I have said. $53,000,000. The interest, at 4 per cent., upon this sum, amounts to $2,120,000, but take the expenditure to which we are committing ourselves by the present Bill, and which, as I have shown, is less than $29,000,000 (the other $24,000,000 representing contracts already entered into, and the Pembina branch already constructed) the interest upon this amount, which, for the purpose of this calculation, I will put at $30,000,000, would be $1,200,000 per annum. Against this let me suggest for a moment the probable result of the peopling of that country by immigrants, and the probable result to the revenue of its settlement, even in its infancy. I have before me a statement of the revenue per capita of the country. It amounts in some of the Provinces to $3.06 per capita; in some to $3.05; and in Manitoba and British Columbia, where the consumption of goods is more in proportion to the population, the amount is larger, being $9.14 in Manitoba and $10.32 in British Columbia. Suppose we divide that by half, and say the revenue from settlers in the North-West will be $5 per head, 100,000 settlers would yield $500,000 to the revenue and 500,000 would yield $2,500,000, which would be more than the interest on the whole cost of the railway — $53,000,000. Supposing that through the exertions of this Company which they are obliged to put forward, because the success of the enterprise depends upon the rapidity with which they settle their lands, suppose through their exertions that in three years 500,000 people are settled in the North-West, we would get a revenue from them of $2,500,000 per annum. Of course, there will be a great many other charges, but still a considerable proportion of that revenue may be very properly considered in the hands of the country for the purpose of assisting in bearing the burden which this measure will impose upon it; but we are told not only have we given too much to the Company for constructing this line, but that the price per mile is too large. It is pointed out that the prairie section will not cost more than $10,000 per mile. *En passant*, I may remark, by a statement laid upon the table by the Minister of Railways the other day it appears the first hundred miles west of Winnipeg cost $13,500 per mile. But let us look at the cost of other railways in other parts of the country, and not only in Canada, but in the United States. I have had a statement prepared of the average cost per mile of Canadian railways. I will give the amounts in round figures. The Grand Trunk Railway cost $106,000 per mile; the Great Western, $42,000 per mile; the Intercolonial, $50,000 per mile; the eastern division of the Quebec, Montreal, Ottawa and Occidental, about $28,000.

Mr. SCOTT — It cost about $30,000 a mile.

Sir ALEX. CAMPBELL — Then the Prince Edward Island Railway, which runs through a level country, and would represent not unfairly some of the country through which the Pacific Railway is to pass, cost $17,424 a mile. I have had a statement prepared of the cost per mile of the various railways in the United States — of those in Minnesota and Dakotah, and in the whole group of Western and South Western States, which present very much the same topographical peculiarities as our own western country. Some of those roads are very much like the one we have now under consideration. Those in Minnesota and Dakotah especially are very similar to our own. In Minnesota there are 2,724 miles of railway, which cost $65,000 per mile.

Mr. SCOTT — Watered stock.

Sir ALEX. CAMPBELL—No, it is the actual cost of construction per mile as given in Poor's book. In Dakotah there are 138 miles of railway, which cost $24,000 a mile. The average

cost of railways in the Western and South-Western States is $46,000 per mile. The total of all the railways of the United States is 84,715 miles, which cost $4,416,510,867, or $52,000 a mile. In Canada the cost per mile, leaving the Grand Trunk Railway out of the question, varies from $14,428 to $50,000, and in the group of States which I have named from $23,000 to $65,000. I do not think it is an unfair thing to conclude, as gentlemen speaking in the other branch of the Legislature did a few days ago, that our road might reasonably and fairly be calculated to cost, for 1,000 miles of it west of Winnipeg, $10,000 per mile, and for other portions, amounting in all to another 1,000 miles, $40,000 per mile; or a total of ten millions for the one and forty millions for the other and for this the company get $25,000,000 and 25,000,000 of acres of land. I do not think that it is at all an unfair calcution. I think from the statistics given, hon. gentlemen will admit it is not an unfair calculation in comparison with the cost of railways in the United States, and the cost of existing lines in Canada. Then, it is said that we give too much land — that the 25,000,000 of acres is an enormous amount of land to give. In the first place before we discuss that, I desire to present to the House the amount both in land and money which Parliament has repeatedly placed at the disposal of the Government — the Government of 1873, and the Government of 1874. I quote from a speech of the Minister of Railways delivered elsewhere. In 1873 the cash subsidy authorized by Parliament was $30,000,000, and the land grant 54,700,000 acres. In 1874, at the instance of the Government of which my hon. friend (Mr. Scott) was a member, Parliament placed in the hands of the Government a subsidy of $10,000 and 20,000 acres of land per mile for a road 2,797 miles in length — equal to $27,970,000 in cash, and 55,940,000 acres of land, and that is over and above a distance of forty miles from Calendar Station to what at that time was intended to be the point where the eastern end of the Pacific Railway was to commence, so that Parliament has again and again placed in the hands of the Executive for the time being a very large amount more of land and money than we propose to expend. In speaking of this land, I desire to present this consideration to the House: the land is not given to this company in the same sense that money is given. When you give $25,000,000 in money that money is gone; it is of no more use to the country. But give them 25,000,000 acres of land and that land is not gone, but in many senses remains and becomes of much more value to the country than ever it was before. These lands are not poured into the St. Lawrence as you pour water. They remain ours as Ontario is ours, and Quebec is ours, and when they come to be peopled with prosperous settlers and afford comfortable homes to immigrants, we shall find them a hundred times more valuable to us than they have been in their existing state. I have said as much as I desire to say about the land and money, my suggestion being, in general terms, that the expenditure in cash involved in this measure is $29,000,000, which will impose a tax of $1,160,000 per annum, and the revenue yielded by settlers upon the lands, which must be settled in order to make the undertaking prosperous, will amply repay the country for that expenditure. I say with reference to the land that we are not giving it away in the sense of its being lost to us, but placing it in a position in which it will be more valuable to us than it has ever been before. It is said that we have adopted an improper standard in taking the Union Pacific Railway as it was in 1873, as that upon which our railway is to be formed. When the debate began in another place, it was supposed that we had taken as a standard the Union Pacific Railway at a period prior to 1873. That error, if it was an error, was immediately rectified by a letter from the contractors, who stated that they understood, as the Government did, that the Union Pacific Railway, as it was in 1873, was to be the standard.

Mr. SCOTT — Is that mentioned in the Bill?

Sir ALEX. CAMPBELL — No; but it has been mentioned in a letter written by the contractors to the Gov-

ernment, which has been read in another place.

Mr. SCOTT — Why not amend the Bill in that sense?

Sir ALEX. CAMPBELL — It would be inconvenient, and I do not think it is necessary.

Mr. MILLER — It is a declaration by the parties as to the construction of the clause.

Sir ALEX. CAMPBELL — I have looked into the state of the Union Pacific Railway in 1873, and find that in August of that year the Government Inspectors of the United States were sent over that road to examine it, and in the December following they made the following report to the Secretary of the Interior :—

EXTRACTS *from a report made by the Government Directors of the Union Pacific Railroad to the Secretary of the Interior, in Dec.*, 1873.

"A visitation of the line of the road was made by three of the Government Directors during the month of August last. The entire line was passed over by daylight, and the examination made suggested some subjects of interest, upon which we deem it advisable to to report."

* * *

"The Government Directors found the road its equipment, and the appointments necessary to the maintenance thereof in a condition highly satifactory. Probably no equal number of consecutive miles of railway in the United States can be found in better condition."

Nothing can be stronger than that; nothing more, I think, is required to show clearly that the standard we chose was a good and safe standard. It was chosen because the Union Pacific ran in the same direction over the same obstacles, meeting the same prairies and mountains as our railway meets and overcomes.

Mr. MILLER — It was the same standard in the second Syndicate.

Sir ALEX. CAMPBELL — And as my hon. friend from Richmond says, the same standard was adopted in the second offer. I have looked at the business done by this road in 1873, because you can infer from that whether the road was in a good or a bad condition. I find that it carried 174,894 passengers more than ninety-five millions of miles, and 487,484 tons of freight over 223,000,000 miles; the net earnings, over and above working expenses, amounted to $5,291,000. A road that can carry that number of passengers and that amount of freight over so many miles, pay all expenses and net to the good $5,791,000, is a road in good order. Then, another objection is that it is a gigantic monopoly. It was necessary to make it a monopoly in a certain sense, but that it is a gigantic monopoly in any sense prejudicial to the country I entirely deny. In the first place, it must be borne in mind that the road will run west not far from the parallel of Winnipeg. We will suppose that it runs on that parallel—it does for the first hundred miles, and I believe for the second hundred also—it may afterwards run a little south, but it turns to the north again. There is no monopoly of any description north of the line. The country on the north side of the Pacific Railway is left perfectly free to anybody and everybody, and no provision whatever is contained in the charter making a limitation of anv kind. The greater part of the country is to be found to the north of the line not to the south of it: to the north an immense territory stretches out towards the Peace River, containing the bulk of the valuable country. To the south there is a monopoly in this way: that all railways must run in a westerly or southwesterly direction, and only the Pacific Railway Company itself is allowed to run lines in a southerly or southeasterly direction.

Mr. SCOTT — Hear, hear!

Sir ALEX. CAMPBELL — My hon. friend says "Hear, hear." The object of that is to prevent other people—I will show presently why there is no danger to be apprehended from the Pacific Railway Company—from constructing railways which would carry off business to the south by lines through Minnesota and Dakotah. But there is no occasion for such a restriction as against the Pacific Railway Company, because they will own the whole line of railway running from Selkirk to Thunder Bay and eastward, north of Lakes Superior and Huron. Fifty millions of money will be involved on their part in the maintaining of business on the line of

the Pacific Railway. What danger, therefore, so far as they are concerned, is there that they will build lines elsewhere to take business from it? They can have no other object but to get traffic for their road. Other people are not cut out. It is not said that other lines shall not be built south-westerly, but they must come to Parliament for authority, and the difference between the Pacific Railway Co. and the others is this: they are allowed to build anywhere, while others only build in a certain direction, and must come to Parliament for the right to build. This Company is interested in preserving the business on the Pacific Railway. They must, in order to make their undertaking a success, bring all the business they can to the Pacific Railway, and therefore they are allowed to build branches. The very name "branches" conveys the idea of roads which will be feeders, tributaries to the trunk line. The moment they construct a line to carry traffic away from the Pacific Railway it ceases to be a branch line; so I do not think there is any danger there. This view, which seems to me a very just one, is strongly put forward by a paper published in St. Paul. It is said by some gentlemen who are opposed to this measure that the Syndicate will carry off business to the south because they are interested in a road running to St. Paul; but it must be borne in mind St. Paul is not a terminus. The freight must go to Chicago and New York. Therefore they are supposing this: that this Company, owning a line of railway through Canada which cost them $50,000,000 will, for the purpose of getting business for a comparatively short line of 480 miles carry off freight from the longer line and run it to the States. They have nothing to do with the lines connecting St. Paul's with New York, and is it not unreasonable to suppose that they will carry off business to the line in which they have a comparatively small interest? It must also be borne in mind that by giving them the right to build branches running to the south it will enable them to carry business to the Pacific Railway. In the future it is confidently believed by gentlemen who have given attention to the subject that the business of Dakotah and Minnesota will come to us and pass over the Pacific Railway to Montreal and down the St. Lawrence. That is the result which is contemplated and which seems very probable — one much more probable than the other suggestion—and which is the view put forward by the writer in the St. Paul paper to which I have alluded, and which I shall detain the House a moment to read. It is as follows:—

"If they owned and controlled that portion of the Canada Central or Canada Pacific east of Sault Ste. Marie it would be obviously for their interest to make it the outlet for their Minnesota system by a connection between St. Paul and Sault Ste. Marie. They would thus carry their freights to the seaboard for the greater part of the distance over their own lines, instead of being dependent, as they now are wholly, on the Chicago lines terminating at St. Paul and Minneapolis. They do not own a mile or a foot of railroad between St. Paul and Chicago, and they have, therefore, no interest whatever in feeding those lines, or in diverting to them the traffic either of their Minnesota lines or of the Canada Pacific. On the contrary, it is plain that if they owned the Canadian Pacific eastward from the Sault Ste. Marie they would have a vital interest in making it the outlet not only of their Canadian Pacific business, but of all their Minnesota and Dakota business which might be destined to the seaboard. A connection between St. Paul and Sault Ste. Marie would be to the St. Paul, Minneapolis and Manitoba an imperative business necessity, because in no other way could they make the eastern section of the Canadian Pacific pay.

"We suppose it is a plain business proposition that their earnings depend upon the amount of business they do on their own lines, and not on those of some other corporation; that therefore they will necessarily make every effort to secure all the business they can for their own lines, and especially to see that their own business shall, if possible, go over their own lines. It is not at all probable that the eastern section of the Canadian Pacific could for many years be made to pay its running expenses except through a connection with the Minnesota and Dakotah system of railroads. In order to make it pay enough to render it worth their while to invest their money in building it, they must find means to throw all the traffic not only of the Canada Pacific, but of their Minnesota and Dakota roads upon it. Its whole commercial value to them depends on their making it the eastern outlet of their Minnesota system, which they can only do by connecting it with Sault Ste. Marie. The idea that they would deliberately divert the traffic of the Canada Pacific and of their Minnesota and Dakota hlines to the Chicago and New York railroads, in which they have not a dollar's interest, from the eastern outlet built

and owned by themselves at a cost of many millions of money, is the most preposterous absurdity which was ever hatched by partisan extravagance."

Another objection which was taken to the arrangement was that the company might impose any rate of freight they pleased upon the future inhabitants of the country and the rates charged by the St. Paul, Minneapolis and Manitoba Railway have been quoted. Since that objection was taken we know that it was mentioned in the other House by the Minister of Railways that an amendment to the Consolidated Railway Act will be introduced which will clear up any difficulty on that point. I do not myself think that there was any real ground for apprehension in the contract as it stood. It was urged that the Government could not reduce the freights below a sum which would pay ten per cent. on the capital of the company. It was contended by those who were opposed to the Bill that the meaning of this was the amount of money used in constructing the road whether furnished by the company or by Government subsidies. The charter fixed the capital at $25,000,000, and we thought it was clear that it was upon this sum, or so much of it as might be paid up, that the 10 per cent. applied. It was argued on the other hand that the rates could not be controlled until the company earned ten per cent. upon what the road cost, whether in subsidy or in money. I do not think that construction was the true one, but even if it was, it has been remedied since in the way mentioned in the other branch of the Legislature by the Minister of Railways. The Bill to which he referred will be introduced this session, and will apply to this railway, and to all other railways in the country. Then it has been objected to this measure, there is an exemption from taxation which is altogether an anomaly and which will have the effect of putting a great many millions into the pocket of this company, and depriving the country same amount of money. I do not think that I can explain that more clearly or in better terms than was used in another place by a gentleman whose attention had been directed to it. In the first place it was urged by an hon. gentleman in that House that the amount involved in this question was $21,000,000 — that this exemption from taxation was equivalent to giving the company $21,000,000. He had arrived at that by a process which I shall speak of presently. It was urged by another gentleman that the exemption was worth $40,000,000. These are expressions and exaggerations which I thought would have been retracted when the explanation was given. They may have been; I do not know; but the mistake was one which had been arrived at in the manner which I shall explain. The true amount involved was stated, upon a calculation which I think every one will concur in, to be $6,481 per annum. To arrive at that calculation 1,000 miles must be taken as the distance to which the exemption applies. It does not apply to any land in Ontario or Manitoba or British Columbia, but simply to the prairie section which is in the North-West Territories, and for those 1,000 miles, making a calculation that the lands are worth even as much as lands are rated at in Ontario, and estimating 12 acres to the mile, which is more than sufficient, and, allowing 3,000 acres for sidings and buildings, which is also much more than sufficient, and, estimating that land is worth $12.14 an acre — as is done in many counties in Ontario — making the calculation upon the total distance on this estimate $432,000 is the value of the exempted land on which the railway is built; and assessing it at a rate above the average rate in Ontario, a cent and a half, gives $6,481, which is the amount, or more than the amount, of exemption from taxation, so far as regards the railway itself. Now, let us see whether there is anything unusual in exempting railways from taxation. We all know how ready in this part of Canada people are to give aid to railways; how ready municipalities are to assist them, and how constantly it is done. I have before me a statement of the various amounts which have been given in aid of railways by municipalities, by the different provinces, and by the Dominion. The amounts are as follows:

By the Dominion.....	$66,166,539
Ontario	3,915,517
Quebec.....	10,877,015
Nova Scotia.....	1,894,350
New Brunswick....	3,308,000
Total	$86,161,422

And by municipalities in :—

Ontario	$8,000,000
Quebec	3,000,000
Nova Scotia	275,000
New Brunswick	296,000
Total	$12,782,000

Altogether a total of $98,000,000 from the Dominion, the provinces and the municipalities. I should think, in the face of that, that it would hardly be contended there was anything unusual or extraordinary in our conceding that point. It must be borne in mind, also, that municipalities are constantly ready to aid railway enterprises. Take the town of Winnipeg, for instance. The other day it offered to give thirty acres of land in the heart of the town for the shops of this Pacific Railway, and to exempt them from taxation for ever. We all know that municipalities are constantly anxious to get railways to establish works and shops within their limits, and always ready to exempt them from taxation, and, after all, this is the amount of this clause. We have been told also, that we should not have exempted the lands from taxation. I should like to know what company would consider this land grant of value if it was to be taxed the moment they got it. The exemption is for twenty years or until the lands are sold or occupied. If the lands were taxed immediately, instead of being an advantage to the company they would be a great burden, because almost as soon as settlers get in there the lands might be seriously taxed. and the belief that they might be would militate very much against the use which the company might make of them as a security to borrow money upon. This exemption has been spoken of elsewhere as worth an enormous sum of money, and my hon. friend the Minister of Railways, was charged with throwing away $23,000,000 of money by it, and the Union Pacific was quoted as paying $835,000 a year in taxes, whereas it turned out that they had paid that sum in seventeen years. It is difficult to say what the exemption may be worth, but certainly more than twenty millions less than the estimate I refer to. But it must be borne in mind that if the lands are to be exempted for twenty years, unless sold or occupied, the effect of that exemption on the volume of taxation of the country is the only contribution the future population of the North-West is making to the cost of construction of the railway. We in this part of the Dominion have contributed to the constructing of railways in all directions at a cost of $98,000,000. The population of the North-West will come party from these provinces, it is true, but chiefly from Europe. Immigrants will settle there and have all the advantages of railway communication, with all the increased value it gives to their property and crops, and the chief contribution which they will make is the additional taxation which the fact of the exemption of these lands will swell the gross burden of the country to. I do not think that can be considered in the least unfair ; on the contrary, it seems to me a proposition which is reasonable and right in itself. Then, we find also that it has been the custom in the United States. We find that taxation is not imposed on the lands of the Union Pacific Railway. We find in the various States of the Union — Minnesota, Dakotah, and in other States, Texas particularly, the lands which have been given to railways are exempt from taxation. That system may possibly have been pushed too far, and it may be said about the United States that, although the lands of the railways are exempt from taxation, yet, in consideration of having these lands, the companies pay a certain State tax. In most of the States they pay a State tax, but not in all, but that would not affect the actual settlers, or help them in their local wants. Suppose there was a State or Dominion tax imposed on this Railway, that would not assist the settlers, but come to the Dominion revenue here. It would not aid the settlers to build roads and bridges, and would have no direct effect on their finances in any way, but would impose a burden on the company for the benefit of the Government, and not for the benefit of the settlers of the country. And it must also be borne in mind that we have made the most liberal arrangements as regards education for them, by which their children and descendants will have lesser and higher education without the expense of a farthing.

Then, hon. gentlemen, another objection has been taken, that there is an immunity from customs duties. The immunity from customs sounded very badly at first, apparently. There was a good deal said about it, and our friends were very anxious about it, while the opponents of the measure were highly elated to think they had found such a strong point, as they thought, against the scheme itself. But when it comes to be debated it does not seem to be a serious thing at all, and certainly not one which has attracted latterly as much attention as it did at first. I have had a statement prepared of the probable amount of exemptions from duty under the Syndicate contract. In the first place we have had the steel rails mentioned, but steel rails are free from duty now, and will be for two years ; then there is the duty on fish-plates, they are also free. The Minister of Finance, who introduced that measure which took off the duty, said last year that the exemption on rails and fish-plates would be maintained until the country is able to produce its own steel rails, but if it had been for two years certain what would be the result! The company could and would probably have imported all the steel rails required for the construction of the Pacific Railway during the next two years, and they could have at once obtained an advance from the Government for the purpose of paying for them. The result of this measure may be the construction of steel rails in the North-West. It is very likely, indeed, that with this enormous enterprise before them the company may find it to their advantage to utilize the iron and coal of the North-West and construct their own steel rails. The duty on the steel rails for the whole distance would be $362,934, and on spikes $17,438, but the whole of the duties which are affected by this clause will not, under any circumstances, amount to over $120,000 ; and it has been announced in another place that part of the project which will yet be submitted to Parliament will include the making of an allowance to manufacturers in this country to balance this exemption from duty, and put them in the same position of advantage which they now hold towards foreign manufacturers as regards those items that may be imported duty free ; so that those who manufacture similar articles in Canada, going into the construction of the Pacific Railway, will have the same relative advantage over those who are importing into this country as they have now. I have now gone over, I think, the principal objections. I did not intend to refer to every objection, nor do I intend to bring under the notice of the House the second offer which was made and which was referred to just now, in a remark made by my hon. friend from Richmond. I do not propose to discuss that offer, or to draw the attention of the House to it at present. It does not seem to me to be an offer necessarily involved in the discussion of the scheme on the table, so far as I am concerned, and so far as the duty I am now discharging is concerned, and I desire to present the present scheme without reference to it. Nor do I desire to go further into the other objections which have been raised. I am content to have endeavored to place before the House a clear statement of the project itself, and to have answered the more serious objections which have been taken to it. Let us pause one moment to reflect what will probably follow if this contract should go into execution, as I hope and trust it will ; what a stimulus it will give to all the industries and trade of the country ; what ships it will bring to our ports with immigrants ; what stimulus it will give to our manufacturers by the expenditure of enormous sums of money for the construction of the railway, involving all kinds of articles of trade, supplies and imports ; what a stimulus it will give to trade, commerce and manufactures of every description ! What a stimulus it will give to immigration and the settlemen of the country ; how it will increase the population of the North-West ; what advantages it will afford to those of our fellow subjects in England, Ireland and Scotland who may be anxious to leave their native land and still settle under the British flag ! I do not wish to draw invidious comparisons. I did not refer to what was done by the late Government in any spirit of party warfare, but I adverted to it for the legitimate purpose of drawing a comparison between the efforts put forth by the two Governments, and, I think, I have established that the effort we are now making is one far more entitled to

the approval of Parliament and of the country than the one which they made. I think I have also established that the arrangement itself, and by itself, is an advantageous contract for the country. I am afraid that I have detained the House by a speech of intolerable length, but I was very anxious to submit a clear statement of this great scheme, and, if I have done that, I have accomplished the full purpose for which I rose. I trust that the measure will meet with the approbation of the House. The Government look forward with assured hope to its proving of great advantage to the country. It's execution has been placed in the hands of men who are eminent in the practical work of railway construction, sufficiently skilled and sufficiently experienced, and who have financial resources sufficiently strong for the project which they have undertaken. I trust they will succeed in their great enterprise, and that those of us who may survive until 1892 will find this work completed, and, through its means, the settlement of many hundreds of thousands of people in the great North-West; people who will be enjoying happy and prosperous homes, with prospects as bright as those of the denizens of any part of the world, and who will in the future maintain with us the British flag on this continent, and feel with us that freedom and order are more fully secured under its folds than under any form of government which human ingenuity has yet invented.